SYNOPSIS

Strategic Management Challenges in India's IT Industry: Creating Leaders in a changing milieu

ABSTRACT:

It is widely acknowledged that the Indian economy has been booming in the last decade at about 8% per annum. One of the key sectors that has fueled this growth is the Information Technology (IT) sector. This study examines the initiatives in this sector and *inter alia* enquires whether the Strategic Management challenges faced by the leading players in this Sector has created a model of Leadership different from the traditional command & control model that was so prevalent in the old social order or is there the flavor of the new global economy? Besides, with an in - depth study of the Sector, the research proposes to examine the HR practices from the leading IT companies of India. The study intends to derive lessons that can become the basis for the future not just within the sector but also beyond.

INTRODUCTION:

It is a well known fact that the Indian economy has been booming in the last decade. In fact, over the last couple of years the economy has grown at an average rate of between 7 % to 9 % and all indicators point to further rapid growth with the government targeting a 10 % growth rate in the economy.

One of the key sectors that has fueled this growth is the Information Technology (IT) sector. This sector has seen a huge growth in the number of employees but it also faces a number of challenges, including business retention & employee attrition. A few companies have emerged the clear leaders in the sector, viz, Infosys, Tata Consultancy Services, Wipro, etc., having stayed nimble & successfully deciphering business variables.

This study examines the Strategic Management initiatives being attempted by companies in this sector and brings to light the *mantras* that these companies

advocate to grow their business, & people, by throwing light on the nature of leadership displayed by those heading these firms. Besides, we will also examine whether the striking example of these leaders has become a clarion call for others in different sectors (and indeed, all aspects of the socio-economic spectrum) to signal a sustainable model of change & development. It is important to keep in mind that in a developing economy, the trends evident from the business sector, become harbingers of hope to the wider society at large, as societal change is being fueled & funded by the vision offered not just by politicians but also by Business Leaders.

How real is it? And, is this a meaningful development? All this & more will be examined in the study by relating specific instances and practices from the leading IT companies of India.

PROBLEM STATEMENT:

The Services Sector – and, in particular the IT Sector - is a relatively younger sector of the Indian economy. Economists have clearly proved that the development of a country has a direct correlation with changes in the fundamental structure of the economy. The agricultural economy gets supplanted by the Industrial economy, which in turn wanes with the rise of the Services economy. With the rapid globalization of the Indian economy, there is a clear recognition that the early trends in this direction are becoming visible & distinct. This structural readjustment has implications not only to income generation & distribution but also has further socio-economic ramifications.

In view of the fact that this is relatively new & emergent phenomenon, not much has been explored by researchers in India. Models, if there are any, are more drawn from Western economies who have not experienced the myriad challenges that a nation like India (with its diversity driven, socialistic, democratic, mixed economy and confused heritage) is facing. And, further, with the rising economic power of India, is a sudden spurt in nationalistic ambitions that makes many jingoistically believe that all answers are already evident! Truly has it been said that those who do not learn from history are condemned to relive it.

I propose to learn from the past to enable me to make reasoned projections into the future.

LITERATURE REVIEW:

I intend to delve wide & deep by scanning published material from various sources, including official publications of:

- The Government of India
- NASSCOM
- MAIT
- CSI
- Research publications
- Newspapers
- Magazines
- Books from Industry players
- Case Studies on the IT Sector in India
- Etc.

RESEARCH OBJECTIVE:

As mentioned earlier, the rise of the IT Sector from behind the shadows of the 'License Permit Raj' dominated Industrial economy was a surprise to most – if not all – economists, commentators, bureaucrats, and, perhaps, the government too.

The study will address the following Research Questions:

- What are the elements that constitute Strategic Leadership in the Information Technology business in India?
- What are the lessons for other sectors?
- And, is this a portable model for other emerging businesses too?
- What is the interplay between Strategic Leadership & performance?

It is my hypothesis (which I will examine & test) that the elements that constitute Strategic Leadership in the Information Technology business in India are:

H1:

a. Latent Entrepreneurial instincts of India's middle class;
b. The use of Knowledge as a key resource instead of depending on Capital;

c. The minimal involvement of the government machinery due to the fact that this industry arose in the fringes and below the 'license radar';
d. The benefit of serving Market overseas, away from the bottle-necks of distribution and market access in India;
e. The advent of a liberal economy;
f. The rise of an educated professional class of entrepreneurs & young employee base.

H2:

a. How does Strategic Leadership impact Organisational performance?
b. Is the impact, if any, positive?

PROPOSED METHODOLOGY:

The Research would involve the following stages:

- Secondary research through detailed literature review, including video material;
- Framing of background contexts for deeper explorations;
- Primary research through meetings, interviews with Industry leaders from across the spectrum;
- Primary research through meetings, interviews with employees from across the spectrum;
- Meeting entrepreneurs who failed to scale up their enterprise & vacated this business ;
- Presenting working papers at research forums to test learning & seek feedback.

ISSUES TO BE ADDRESSED:

Briefly, the issues to be covered include:

- The nature of HR practices prevalent in the leading Software firms;
- The kind of Leadership displayed by the Business Leaders of this sector: is it the old command & control model that was so prevalent in the old social order or is there the flavor of the new global economy?

- The best practices followed by them to fuel value-based organization building;
- How are they building a sustainable competitive advantage through healthy people practices, with special reference to how they marry creativity (which is essential for new technology development) with the needs of standardization in software development;
- Quo vadis: the new challenges envisaged & the pointers to addressing them;

Through this paper it will be my attempt to bring forth the leadership secrets of Indian software companies.

CONCLUSION:

Commentators say that the economic liberalization process begun by Prime Minister Narasimha Rao & the then Finance Minister, Dr. Manmohan Singh, circa 1991, heralded the second independence for India.

Taken in this light, we are a very young country and upon us is the historic onus of rapid development in a democratic way to uplift vast masses suffering from a legacy of bondage. Going ahead, there is a lot to learn from the serendipitous success (and failure) of certain elements of the newly emergent Services sector, particularly epitomized by the IT industry. This research is an attempt to contribute to this domain.